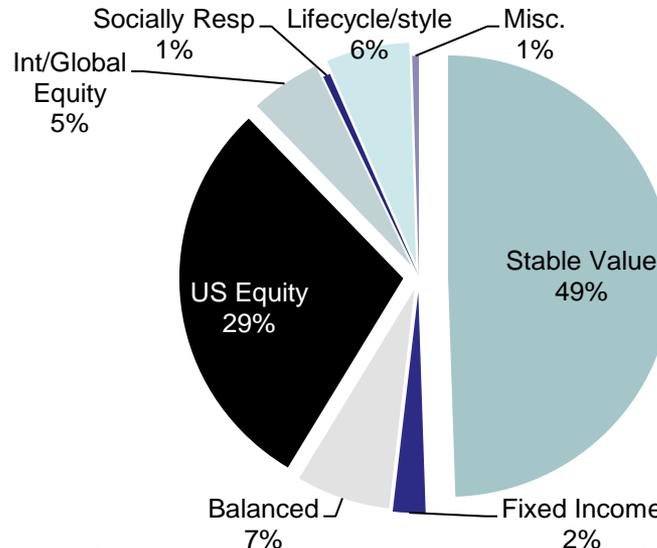
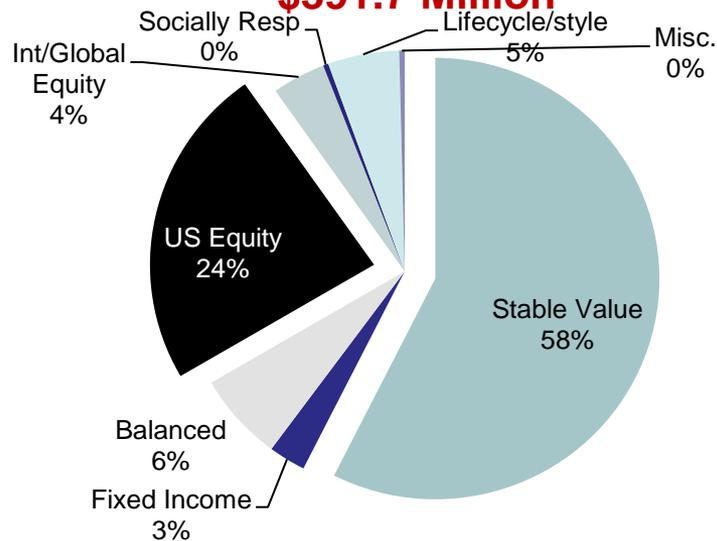


# Nevada Deferred Compensation

## NDC - Asset Allocation as of 3/31/10 \$497.7 Million



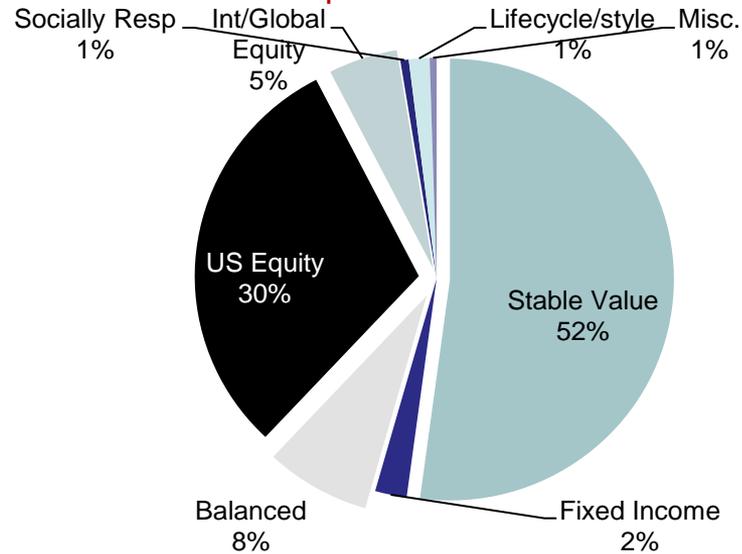
## NDC - Asset Allocation as of 3/31/09 \$391.7 Million



# Nevada Deferred Compensation

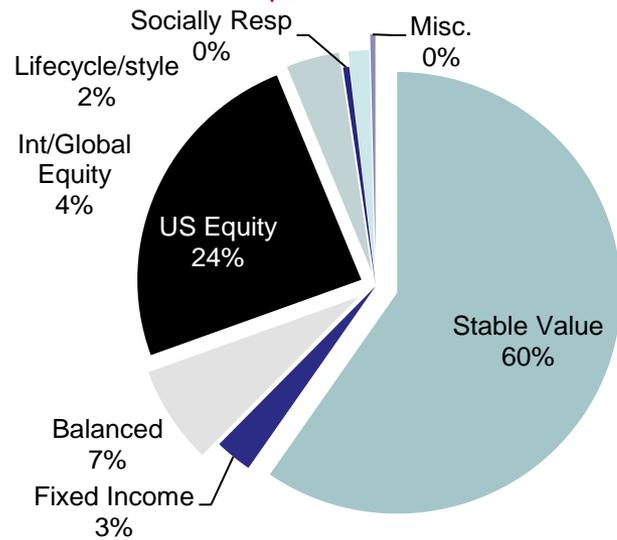
## Hartford - Asset Allocation as of 3/31/10

**\$408.9 Million**



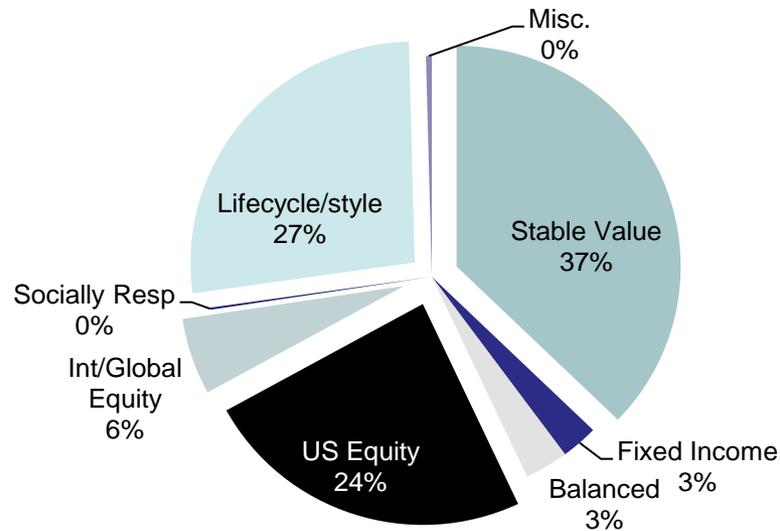
## Hartford - Asset Allocation as of 3/31/09

**\$331.08 Million**

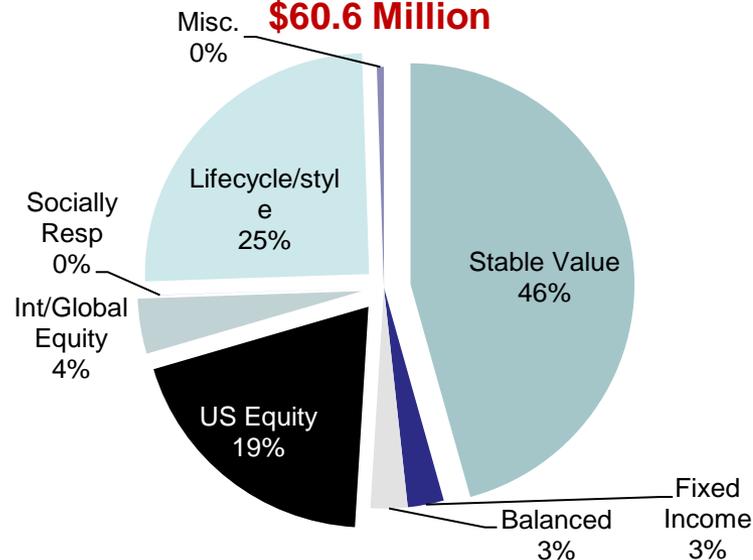


# Nevada Deferred Compensation

**ING- Asset Allocation as of 3/31/10**  
**\$88.8 Million**



**ING- Asset Allocation as of 3/31/09**  
**\$60.6 Million**



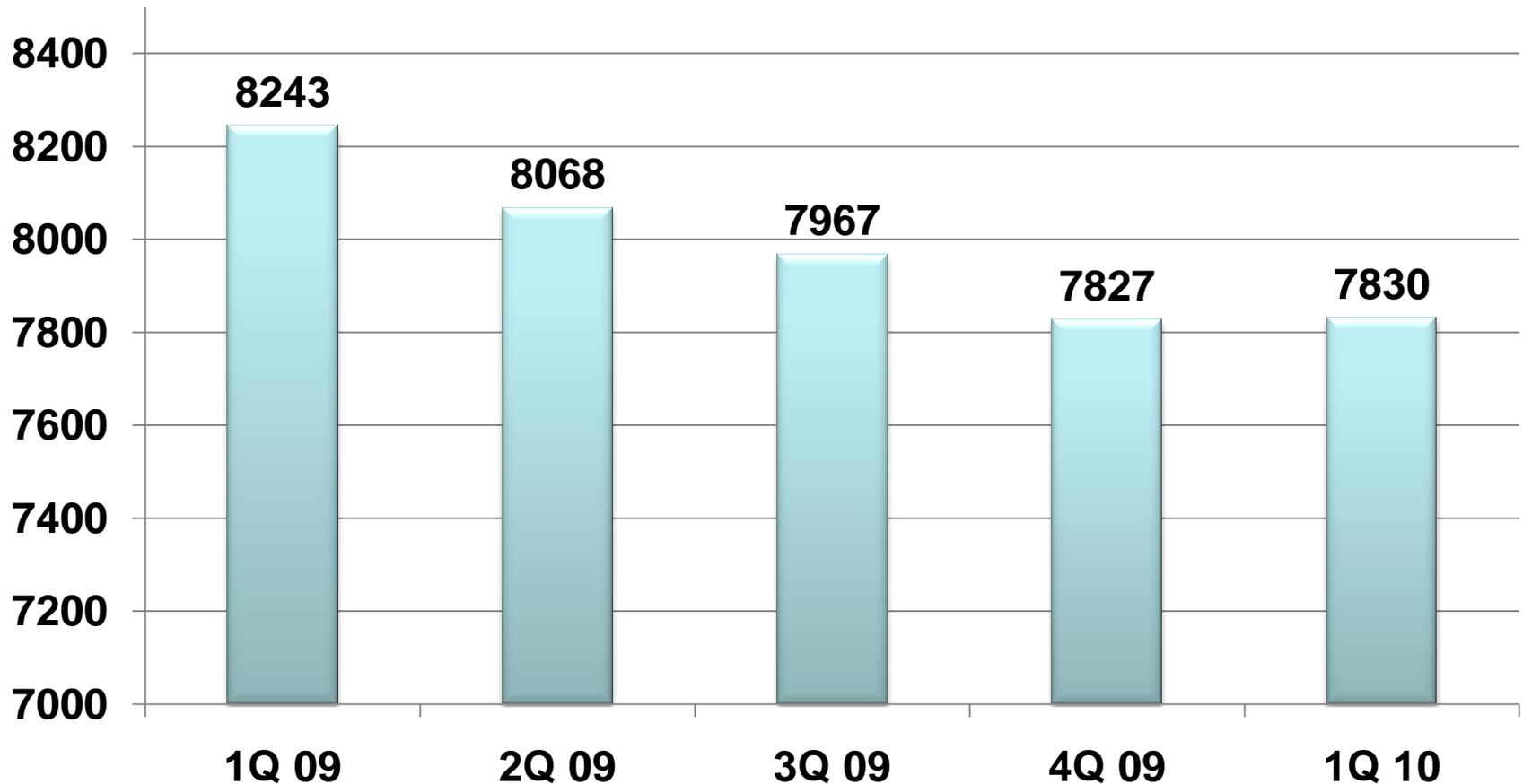
## **Contribution Comparison**

	<b>TOTAL</b>
<b>1<sup>st</sup> Q 2009</b>	<b>\$11,322,039*</b>
<b>1<sup>st</sup> Q 2010</b>	<b>\$10,234,533*</b>

✓ 10% decrease in 1Q 2010 total plan contributions

\*Contribution amounts include new monies only

## Participants Actively Contributing

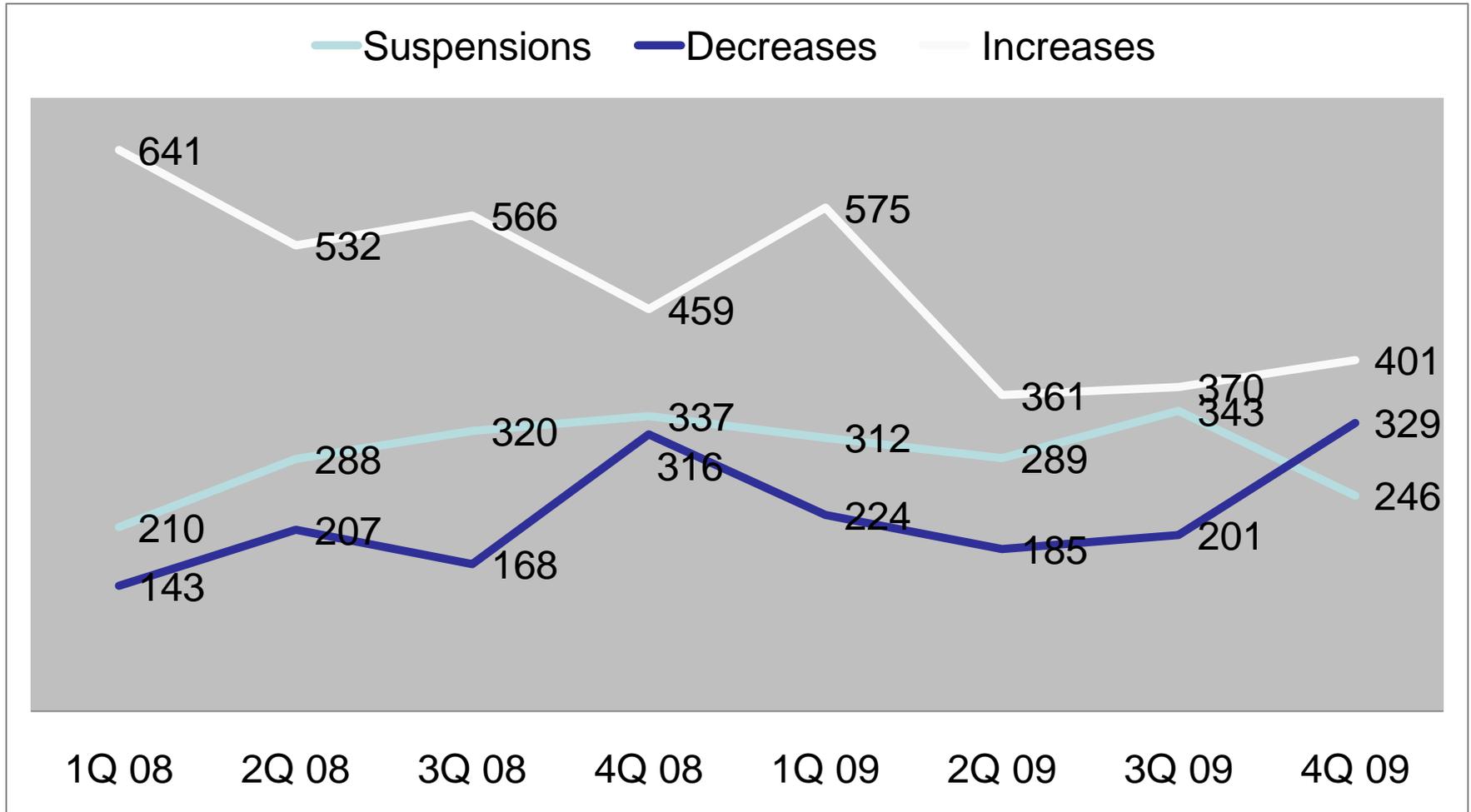


## Contribution Amounts



# Nevada Deferred Compensation

## Contribution Data



# Nevada Deferred Compensation

## Plan Activity

	1Q 09	1Q 10	% Change
Total Participants	12,923	13,058	 1%
New Participants	150	188	 25%
Quarterly Cash Flow	\$11.32	\$10.23	 11%
Individual Mtg with Reps	1,893	1,533	 19%
Group Enrollment Meetings	179	190	 6%
Unforeseen Emergencies (Total \$)	\$67,547	\$113,182	 68%

# *Nevada Deferred Compensation*

Performance Indicators	FY 10 Actual (as of March 31, 2010)	FY 10 Goal
Total Participants*	<b>10,632</b>	<b>11,429</b>
Participation Rate*	<b>31%</b>	<b>39%</b>
Percent of funds with top ratings (4-5 stars) - Actively Managed Funds Only	<b>71%</b>	<b>75%</b>
Average Annual Costs to Participants**	<b>0.69%</b>	<b>0.68%</b>
Percent of Customers' Calls to providers answered within 20 seconds	<b>64% Hartford</b> <b>91% ING</b>	<b>80%</b>
Total Plan Assets*	<b>\$400.5 million</b>	<b>\$393 million</b>

\* Does not include alliance partner data

9

\*\* Does not include guaranteed accounts

## **Investment Structure Review**

- 2009 Planning Meeting Goal
  - Plan Design
    - Stable Value/Guaranteed Accounts
    - Asset Allocation Funds
    - Plan Structure – Variable Investment Options
- Participant Behavior & Investment Options
- Objectives
  - Enhance Participation
  - Potential Cost Savings

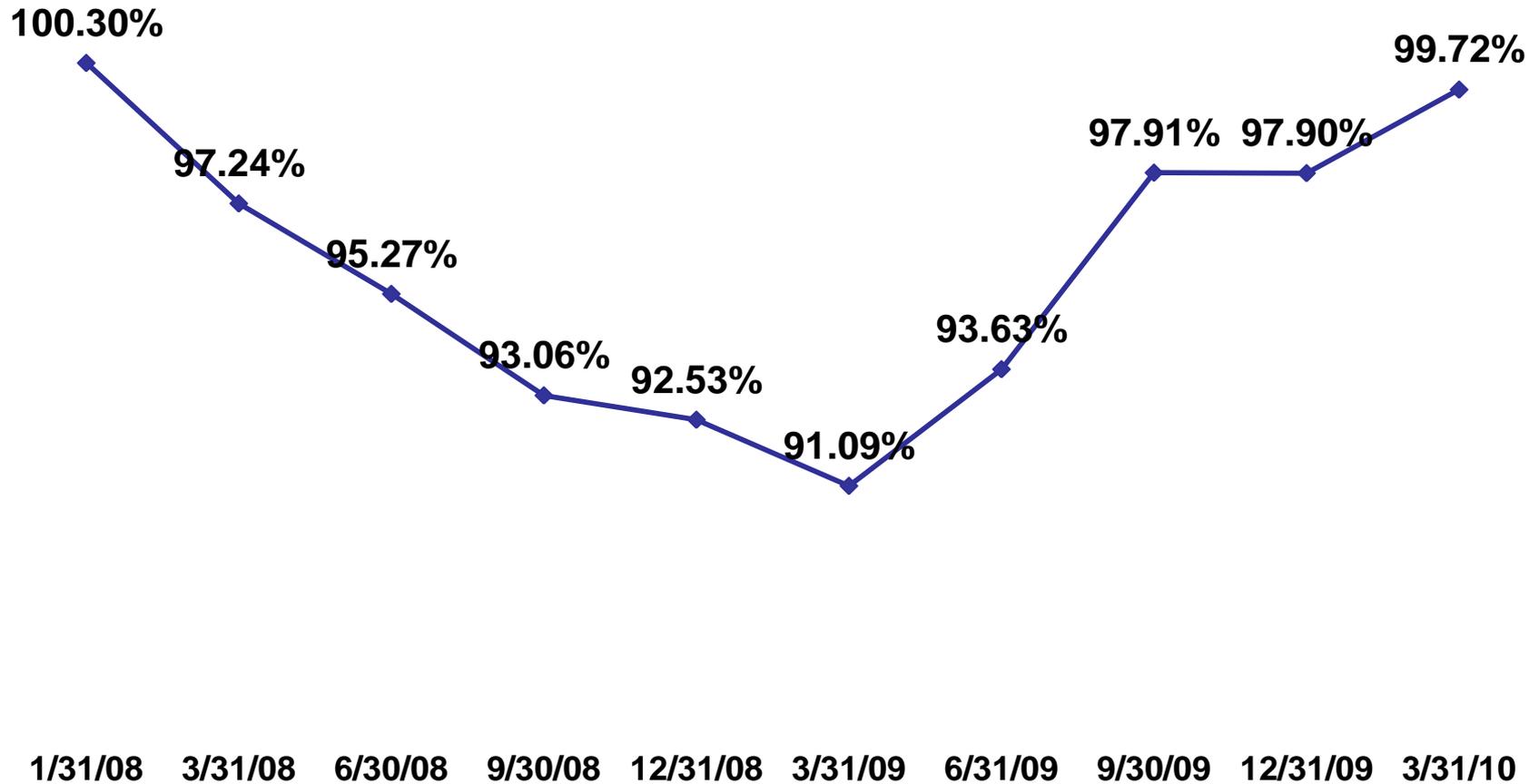
## **Next Steps...**

- Staff will work with Mercer to draft a specific plan for reducing the number of options, to include recommended policies, template and timing
  - Current Changes
  - Changes for RFP

## **ING Stabilizer Fund Change Update**

- Participant Communication
- Timeline for Discontinuance and Liquidation
  - Market to book value higher than 100%
- Current Market to Book Value

# ING Stabilizer Market to Book Value



## *Nevada Deferred Compensation*

# Market to Book Value Example

**May 18, 2010 = 101.08%**

Market Value:	\$35,667,744
Book Value:	\$35,285,095
Difference:	\$ 382,649
Fees:	\$ 20,546
Transaction Costs:	\$35,668 - \$107,004
Net Difference:	\$ 255,099

## **State Street Target Date Funds**

- Committee Motion in February to add either Barclay's Global Investors (BGI) or Vanguard to replace SSgA Funds
- Vanguard Target Date Funds added by Hartford

## **Vanguard Target Date Funds**

- Recommendation based on:
  - Significant assets under management
  - Conservative lending policies
  - Plan's existing relationship
  - Funds' lower expense ratios
  - Consistent performance

## **Recommended Motion**

- Motion to replace the SSgA Target date funds, which include Today, 2015, 2035 and 2045, with the Vanguard Income, 2015, 2025, 2035 and 2045, respectively

## **Fund Watch List Approval**

- AllianceBernstein International Value: Remain on Watch
- Hartford General Account: Remain on Watch
- ING Stabilizer Fund: Terminate
- Lazard U.S. Mid Cap Equity: Remain on Watch
- Mutual Global Discovery Fund: Remain on Watch
- Oppenheimer Main Street Small Cap: Remain on Watch
- Van Kampen Equity & Income: Remain on Watch

## **FY 2009 Financial Audit Report**

- **Primary Purpose**
  - Program Financial Statement
  - Service Providers
  - Payroll Centers
- **2006 NAGDCA Survey**
  - 64% of state 457(b) plans are audited by independent auditor
  - 74% audited annually

## **Recommended Motion**

- Motion to approve the Clifton Gunderson Financial Audit reports and statements and direct Staff to begin the process of resolution on the necessary items

## **2012-13 Biennium Budget**

- Staff proposed \$0 increase in Budget
- Expected Changes:
  - Compliance audit in 2012 not 2013
  - Reduction in financial audit
  - Reduction in printing/postage
  - Propose elimination of Las Vegas meeting
  - Propose cost savings used for Kelly Services contract

## **Performance Indicators**

- Staff proposes including Total Plan Data
- Indicators:
  - Quality Investment Options
  - Minimal Costs to Participants
  - Customer Service
  - Plan Participants
  - Plan Assets
  - Participation Rate
  - New Enrollments - NEW

## **Compliance Audit**

- **Primary Purpose:**
  - Ensure compliance with applicable rules and regulations
- **Primary Steps:**
  - Review Plan documentation
  - Interview Staff and service providers
  - Sample transactions
  - Provide summary report
- **Staff Resolution Report**

## **Compliance Audit Resolution**

- Staff's Audit Findings
  - Three-year Catch Up Documentation
    - Incomplete documentation
    - Deferral amounts and 'normal retirement age' not complete
  - Unforeseen Emergency Documentation
    - Participant requests not coordinated
    - Duplicate requests

## **Recommended Motion**

- Motion to approve Staff's Resolution Report as submitted or amended

## **Communication Plan Update**

- Simplified Enrollment Form
- Retirement Education Day
- Target Marketing to Various Dept.
- Newsletter Distribution
  - Email distribution to all State employees
  - Working with web-development team
- Welcome Letter
- Update plan website